

## **808 KAR 1:020. Excess funds transactions.**

RELATES TO: KRS 286.3-280, 286.3-290, 286.3-300

STATUTORY AUTHORITY: KRS 286.1-011, 286.1-020

NECESSITY, FUNCTION, AND CONFORMITY: To establish the status of excess funds (federal funds) transactions so as to insure the maintenance of competitive equality between state and national banks in Kentucky.

Section 1. For purposes of this regulation, the term "excess funds transactions" (federal funds transactions) shall be defined as transactions between commercial banks involving the adjustment of their legal reserve positions through the short term transfer of reserve deposits.

Section 2. Excess funds transactions between state banks and between state and national banks shall be regarded as the interbank transfer of reserve deposits and, as such, are not in the nature of interbank loans or lending activities.

Section 3. State-chartered banks may sell and purchase unlimited amounts of excess funds, and such excess funds transactions shall not be subject to the maximum lending provisions of KRS 286.3-280.

Section 4. The reserve requirements and other provisions of KRS 286.3-300 do not apply to excess funds transactions. (BR-73-1; 1 Ky.R. 885; eff. 5-14-75; TAm eff. 4-17-2007.)